

Message Text

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ACTION EB-08

INFO OCT-01 ARA-06 ISO-00 AID-05 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15

STR-04 CEA-01 L-03 H-01 PA-01 PRS-01 ITC-01

AGRE-00 /081 W

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R 072050Z APR 77

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 992

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

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E.O. 11652: N/A

TAGS: ETRD, BR

SUBJ: PRESS REACTION TO PRESIDENT'S DECISION ON SHOES

1. BEGIN UNCLASSIFIED: SUMMARY: WEEKEND PRESS GAVE WIDESPREAD AND GENERALLY ACCURATE COVERAGE TO PRESIDENT'S APRIL 1 DECISION NOT TO ACCEPT ITC QUOTA/TARIFF RECOMMENDATIONS RE SHOE IMPORTS. REACTION OF BRAZILIAN SHOE MANUFACTURERS/EXPORTERS WAS REPORTED AS EUPHORIC BUT AN ITAMARATY SPOKESMAN REPORTEDLY CALLED THE IDEA OF VOLUNTARY QUOTAS "TERRIBLE." EDITORIAL IN ONE LEADING NEWSPAPER DESCRIBED THE DECISION AS AN EFFORT TO CLAM TROUBLED BILATERAL RELATIONS. MINISTERS OF EXTERNAL RELATIONS AND INDUSTRY AND COMMERCE ALSO MET ON APRIL 1 TO DISCUSS BRAZIL'S CONTINUING POLICY OF MARKET DIVERSIFICATION FOR SHOE EXPORTS TO AVOID DEPENDENCE ON U.S. END SUMMARY.

2. "JORNAL DO BRASIL" (APRIL 2) DESCRIBED CLIMATE IN RIO GRANDE DO SUL (RGS) AS ONE OF "EUPHORIA OVER DECISION. BOTH NIVEO FRIEDERICH (PRES., NOVO LIMITED OFFICIAL USE

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HAMBURGO SHOE INDUSTRY FEDERATION) AND CLAUDIO STRASSBURGER (RGS SECRETARY OF INDUSTRY AND COMMERCE) WERE QUOTED REFERRING TO DECISION AS A "VICTORY" FOR THEIR EFFORTS TO PERSUADE U.S. EXECUTIVE NOT TO IMPOSE RESTRICTIVE MEASURES. IN SAO PAULO, SEBASTIAO BURBULHAN (PRES., SP SHOE FEDERATION) WARNED THAT THE "FIGHT FOR THE INCREASE

IN TARIFFS...WILL CONTINUE IN THE U.S. CONGRESS."
MINISTRY OF FINANCE OFFICIALS WERE ALSO REPORTED
TO BE CONCERNED OVER A POSSIBLE CONGRESSIONAL VETO
OF THE DECISION. SAME ARTICLE ALSO POINTED OUT
THAT SHOE EXPORTS STILL BENEFIT FROM A 22 PERCENT
EXPORT INCENTIVE (IPI AND CENTRAL BANK FINANCING).

3. "JORNAL DO BRASIL" (APR. 3) QUOTED AN ITAMARATY
SPOKESMAN AS SAYING, "THE SUGGESTION OF VOLUNTARY
QUOTAS..IS TERRIBLE FOR THE BRAZILIAN SHOE EXPORTER.
ITS INFORMAL CHARACTER WILL GENERATE UNCERTAINTY
BECAUSE IT WOULD NEVER BE KNOWN IF THE REDUCTION
(IN EXPORTS) IS ENOUGH TO AVOID NEW COUNTERMEASURES
NOR HOW LONG IT WILL BE IN EFFECT. HIGHER TARIFFS
WOULD BE PREFERABLE TO THAT POSSIBILITY BECAUSE
THOSE, AT LEAST, WOULD ESTABLISH FIXED RULES FOR
THE EXPORTER." (BEGIN LOU: COMMENT: IN A MEETING
ON OTHER MATTERS ON APR. 5 WITH AMB. PAULO CABRAL
DE MELLO, CHIEF OF FONMIN'S ECONOMIC DEPT.,
ECON/COMML COUNSELOR BROUGHT UP THIS ARTICLE.
CABRAL DE MELLO DENIED KNOWING THE IDENTITY OF
THE "SPOKESMAN" AND SUGGESTED IT COULD BE THE
PRODUCT OF AN OVER-EAGER JOURNALIST'S IMAGINATION.
END LOU.)

4. EDITORIAL IN "O ESTADO DE SAO PAULO" (APR 2)
PRAISED PRESIDENT'S DECISION AS A SIGN OF HIS
"GOOD FAITH" AND EFFORTS "TO THROW A LITTLE COLD
WATER ON A DISPUTE WHICH, WITH AN INCREASE IN
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BARRIERS, COULD ASSUME DIMENSIONS WHICH NEITHER
THE U.S. NOR BRAZIL DESIRE." EDITORIAL ALSO NOTED
THAT THE DECISION "DEMONSTRATES WASHINGTON'S INTEN-
TION TO PREVENT THE SPREAD OF CONFLICTS WITH A
NUMBER OF COUNTRIES WHOSE RELATIONS WITH THE U.S. ARE
DETERIORATING IN SUCH A WAY AS TO WORRY THE U.S.
BUSINESS SECTOR."

5. LOCAL DAILIES, "CORREIO BRAZILIENSE" AND
"JORNAL DE BRASILIA" (APR. 2) ALSO REPORTED THAT
FOREIGN MINISTER SILVEIRA AND MINISTER OF INDUSTRY
AND COMMERCE CALMON DE SA MET ON APRIL 1 TO DISCUSS
WAYS TO ACCELERATE THE DIVERSIFICATION OF BRAZIL'S
EXPORT MARKETS, PARTICULARLY FOR SHOES, SO AS TO
AVOID CONCENTRATION IN THE U.S. WHICH RENDERS THE
BRAZILIAN SHOE INDUSTRY "VERY DEPENDENT AND VULNERABLE",
ACCORDING TO CALMON DE SA.
CRIMMINS

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